

**CALIFORNIA BOARD OF ACCOUNTANCY**

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Latest Developments Related to Practice Privilege and Foreign Accountant Law Changes

Two significant changes have occurred in March 2006 related to the practice privilege and foreign accountant practice issues.

- The CBA, at its meeting of March 16-17, 2006, approved language to fine-tune the proposed statutes approved at the February 23, 2006 meeting.
- The law changes related to practice privilege and to practice by foreign accountants are being incorporated into one bill, [AB 1868](#) (Bermudez).

These law changes would do the following:

- A. Allow a practice privilege holder to practice in California and sign in the name of his or her firm even if the firm is not registered by the CBA.
- B. Permit an out-of-state CPA or an out-of-state firm to provide tax services without obtaining a license, registration or practice privilege provided that: (1) the individual or the firm does not physically enter California to practice public accountancy; (2) does not solicit California clients; and (3) does not assert or imply that they are licensed or registered to practice public accountancy in California. (Current law provides for a limited exception – see current Section 5054.)
- C. Permit an out-of-state CPA employed by a firm registered with the CBA to provide tax services without obtaining a license or practice privilege provided: (1) that the individual does not physically enter California to practice public accountancy; (2) does not solicit California clients; and (3) does not assert or imply that he or she is licensed to practice public accountancy in California.
- D. Allow out-of-state CPAs, PAs, and public accounting firms to temporarily practice in California incident to practice in another state provided that the individual or out-of-state firm does not solicit California clients and does not assert or imply that the practitioner or firm is licensed or registered to practice public accountancy in California.
- E. Permit foreign accountants to engage in temporary and incidental practice related to engagements in the foreign country, regulated by the foreign country, and performed under the accounting or auditing standards of that country provided the accountant does not hold out as a holder of a California license or practice privilege.
- F. Affirm the CBA's disciplinary authority over any individual or firm performing any act which is the practice of public accountancy in California.

Modifications A-D are temporary and are intended to permit the Board to continue refining the implementation of Practice Privilege in a way that facilitates cross-border practice while continuing to protect California consumers.

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